



DEPARTMENT OF DEFENSE

PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

October 1984 - June 1985

Fiscal Year 1985

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Prime contract awards to small business firms totaled \$16,429 million during the first nine months of Fiscal Year 1985, compared with \$14,880 million for the same period last year. Awards to all business firms were \$98,780 million during the first nine months of Fiscal Year 1985, compared with \$88,637 million for the corresponding period last year.

Changes in the procurement mix of our purchases of supplies and equipment impacted unfavorably on the small business ratio causing a decrease of 0.2 percent compared to the same period last year. This decrease was attributed to a lower small business rate of participation in the missile and space systems and ships categories which are not normally favorable to small business. Also contributing to this lower performance was a decrease in the small business participation in the petroleum, construction, and civil functions categories which are normally favorable to small business.

Defense prime contract awards for Research, Development, Test, and Evaluation (RDT&E) work are included in Table I and are shown separately in Table II. Small business firms were awarded \$758 million in Department of Defense RDT&E prime contracts during the first nine months of Fiscal Year 1985 compared with \$608 million during the corresponding period of Fiscal Year 1984. Of the total RDT&E prime contracts awarded to business firms, small business received 5.9 percent during this period compared with 5.1 percent during the same period last year.

Data on subcontract commitments to small business firms for the first nine months of Fiscal Years 1984 and 1985 are shown in Table III. Commitment figures are obtained from large business firms which receive prime contract awards of \$500,000 or more having substantial subcontracting opportunities. The reporting large business firms committed a total of \$39,524 million in subcontracts during the first nine months of Fiscal Year 1985 of which \$14,372 million, or 36.4 percent, went to small business firms. This represents an increase of \$2,107 million to small business concerns over the same period last year.

TABLE I
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
(AMOUNTS IN THOUSANDS)

TYPE OF FIRM AND CATEGORY OF PROCUREMENT	FISCAL YEAR TO DATE		FISCAL YEAR
	1985 OCT 84 JUN 85	1984 OCT 83 JUN 84	1984 OCT 83 SEP 84
DEFENSE PROCUREMENT (PRIME CONTRACTS) FROM ALL BUSINESS FIRMS - TOTAL	\$98,780,450 =====	\$88,636,769 =====	\$124,912,148 =====
MISSILE AND SPACE SYSTEMS	15,172,464	11,742,693	16,663,293
AIRCRAFT	24,347,416	23,035,913	29,234,550
SHIPS	8,103,632	7,917,027	9,335,341
OTHER MAJOR HARD GOODS	22,797,384	19,390,684	31,059,400
SERVICES	6,275,587	5,901,808	8,369,857
PETROLEUM	5,999,069	5,922,697	6,206,240
COMMERCIAL ITEMS	5,186,850	4,655,246	7,171,500
CONSTRUCTION	3,137,284	2,006,975	5,347,131
ALL PURCHASES OF \$25,000 OR LESS	6,622,330	6,202,425	9,791,143
CIVIL FUNCTIONS	1,138,434	1,861,301	1,733,693
DEFENSE PROCUREMENT (PRIME CONTRACTS) FROM SMALL BUSINESS FIRMS - TOTAL	\$16,429,057 =====	\$14,879,988 =====	\$23,816,460 =====
MISSILE AND SPACE SYSTEMS	293,453	285,814	426,501
AIRCRAFT	696,388	545,481	996,531
SHIPS	754,524	823,318	1,211,562
OTHER MAJOR HARD GOODS	2,632,870	1,676,838	3,212,416
SERVICES	1,689,895	1,441,630	2,197,459
PETROLEUM	1,543,957	1,983,990	2,009,067
COMMERCIAL ITEMS	2,434,210	2,155,514	3,306,321
CONSTRUCTION	2,277,568	1,467,520	4,388,723
ALL PURCHASES OF \$25,000 OR LESS	3,512,624	3,215,791	5,140,049
CIVIL FUNCTIONS	593,568	1,284,092	927,831
PERCENTAGE OF DEFENSE PRIME CONTRACTS TO SMALL BUSINESS FIRMS - TOTAL	16.6 =====	16.8 =====	19.1 =====
MISSILE AND SPACE SYSTEMS	1.9	2.4	2.6
AIRCRAFT	2.9	2.4	3.4
SHIPS	9.3	10.4	13.0
OTHER MAJOR HARD GOODS	11.5	8.6	10.3
SERVICES	26.9	24.4	26.3
PETROLEUM	25.7	33.5	32.4
COMMERCIAL ITEMS	46.9	46.3	46.1
CONSTRUCTION	72.6	73.1	82.1
ALL PURCHASES OF \$25,000 OR LESS	53.0	51.8	52.5
CIVIL FUNCTIONS	52.1	69.0	53.5

TABLE II
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
FOR RESEARCH, DEVELOPMENT, TEST AND EVALUATION WORK
(AMOUNTS IN THOUSANDS)

TYPE OF FIRM AND DEPARTMENT	FISCAL YEAR TO DATE		FISCAL YEAR
	1985 OCT 84 JUN 85	1984 OCT 83 JUN 84	1984 OCT 83 SEP 84
TOTAL	\$12,894,921 =====	\$11,912,138 =====	\$15,664,671 =====
ARMY	1,466,334	1,238,375	1,943,569
NAVY	5,143,047	4,023,716	4,832,095
AIR FORCE	5,721,668	6,141,030	8,191,628
DEFENSE LOGISTICS AGENCY	10,797	0	0
CIVIL FUNCTIONS	116	108	108
OTHER DEFENSE AGENCIES	552,959	508,909	697,271
SMALL FIRMS	758,457 =====	607,835 =====	914,996 =====
ARMY	218,546	170,755	275,385
NAVY	173,414	115,152	184,729
AIR FORCE	256,666	212,678	295,156
DEFENSE LOGISTICS AGENCY	10,785	0	0
CIVIL FUNCTIONS	0	40	40
OTHER DEFENSE AGENCIES	99,046	109,210	159,686
OTHER FIRMS	12,136,464 =====	11,304,303 =====	14,749,675 =====
ARMY	1,247,788	1,067,620	1,668,184
NAVY	4,969,633	3,908,564	4,647,366
AIR FORCE	5,465,002	5,928,352	7,896,472
DEFENSE LOGISTICS AGENCY	12	0	0
CIVIL FUNCTIONS	116	68	68
OTHER DEFENSE AGENCIES	453,913	399,699	537,585
SMALL FIRMS AS A PERCENT OF TOTAL	5.9 ===	5.1 ===	5.8 ===
ARMY	14.9	13.8	14.2
NAVY	3.4	2.9	3.8
AIR FORCE	4.5	3.5	3.6
DEFENSE LOGISTICS AGENCY	99.9	0.0	0.0
CIVIL FUNCTIONS	0.0	37.0	37.0
OTHER DEFENSE AGENCIES	17.9	21.5	22.9

TABLE III

SMALL BUSINESS SHARE OF DEFENSE SUBCONTRACTS
FIRST THREE QUARTERS FISCAL YEAR 1985
(Amounts in Thousands)

SUBCONTRACTS	FISCAL YEAR 1985 OCT 84 - JUNE 85	FISCAL YEAR 1984 OCT 83 - JUNE 84
Number of Reports from Large Business Firms	1052	1057
Subcontract Commitments by Reporting Large Business Firms	\$ 39,524,549	\$ 32,271,505
Commitments to Small Business	\$ 14,371,502	\$ 12,264,750
Percent to Small Business	36.4	38.0

SOURCE: "Companies Participating in the DoD Subcontracting Program" First Three
Quarters Fiscal Year 1985